

ARF004 Asset Management Risk

Risk Status Progress Report for September 2021

Prepared: 05/08/21

Description of risk and impact

Full Asset Life Cycle Asset Management requires a “system thinking” integrated approach (enterprise asset management) to optimise the whole life cycle of our assets. This ensures fit for purpose, cost effective assets are designed, constructed, maintained and disposed of in a sustainable manner, to the benefit of our communities, ensuring kaitiakitanga and enduring resilience.

Existing Treatments

The inherent risk profile has not changed due to delays in the implementation of the proposed treatments.

Issue	Treatment to date	Further planned treatment	Responsible
No current Asset Management Information System (resulting in piecemeal asset information, including number of assets).	An Asset Management Information System, IPS by INFOR, has been chosen and statements of works signed. A development IPS environment (DEMO) has been set up where data migration, systems integrations and financial asset management configuration is underway in preparation for production system go live (PROD).	Production system go live is scheduled for December 2021 followed by phase 2 which is about optimizing and automating business processes. Dynamic reporting of assets will also be configured after the system go live.	Programme Darwin
Incomplete condition assessment information.	22 February 2021 the Tender Panel approved the \$990k 3Waters condition assessment procurement plan. These work packages ran to the end of July 2021.	A budget of \$1.6m for FY21 to FY23 has been approved. A Project lead for the asset condition and data capture programme has been appointed and a timeline is being developed.	Asset Management
Asset Management Plans (AMPs).	As part of the Long-Term Plan process, a combined draft Asset Management Plan for 3 Waters and District Facilities was prepared and provided to Audit (<i>this is</i>	The AMP will be available by end of September 2021. No further action required on this.	Asset Management

Issue	Treatment to date	Further planned treatment	Responsible
	<i>required for audit purposes only</i>). Upon final audit sign-off (end of August 2021), the AMP will be made available. This will likely occur in September 2021.		
The current renewals programme is typically based on age rather than condition.	The proposed condition assessment programme will allow a condition-based renewals programme.	This is a 10-year programme. As data becomes available condition-based renewals will be implemented.	Asset Management
Lack of integrated performance and reliability data from operations.	Integration of operational performance and reliability data from operations will be developed. This will enable optimized investment decisions for renewals noting the relationship between cost, level of service and risk.	Work on the relationship (relating to the data and information interface) has seen initial workshops with FNW and Rec Services focused on refreshing Program Darwin objectives and their stakeholder role(s).	Programme Darwin
Operating run to failure of assets rather than programmed maintenance based on: <ul style="list-style-type: none"> Asset class Failure mode Life cycle cost modelling Predictive, preventative, risk-based maintenance 	Continued Asset Planning will ensure all of lifecycle for Council's assets are addressed.		Programme Darwin / Asset Management / Operations
The lack of integration of growth impacts when considering asset renewal (we need to operate in a "systems" approach).	An enterprise asset management philosophy was adopted, January 2020.	The transformation program framework, which includes looking at roles and responsibilities across the assets team in relation to the Enterprise Asset Management, has been agreed and is in the initial implementation phase.	Programme Darwin
Lack of a robust project management framework.	A Project Management Framework has been adopted.	Embedding of the framework across teams.	PMO / PDT / Asset Management

Where are the gaps? / what more could we be doing?

- Planning, analysis and data analysis to enable data-driven decision-making (particularly providing advice in relation to Levels of Service, robust options analysis and rating impact trajectories). This will improve with the implementation of the new Asset Management System.
- Better articulating the link between strategic planning to operationalisation of those, and the process for how we consider and integrate these.
- Capturing our data better – equipment criticality, feeding this into decommissioning plans and the asset lifecycle.
- Consultation - Our open and transparent policy for consultation with all stakeholder particularly Iwi, impacts the time it takes to renew consents and implement projects. This risk needs to be reflected in all project timelines particularly within our LTP commitments. In the past this time and resource commitment has been significantly underestimated.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Stable		Responsible:	GM IAM	Date accepted:	30/05/19	Six monthly